KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

For KCC Use:

Effective Date: 8-21-05
District #: 41
SOA: Yes

Expected Spud Date: 9-1-2005

Owner/Operator: Licenses 5822
Name: Y.N. Energy Inc.
Address: Box 11e
City/State/Zip: Wichita, KS 67201
Contact Person: K. Todd Allen
Phone: 316-263-6688

CONTRACTOR: Licenses 5822
Name: VAL Energy Inc.

Well Div. For: Oil Other
Well Class: Mud Rotary
Type Equipment: Gas Storage

If OWWO: old well information as follows:
Operator: YES
Well Name: 
Original Completion Date: 
Directional, Deviated or Horizontal well?: Yes/No
Original Total Depth: 
Bottom Hole Location:

KCC DKT #: 

Spot

C SW SE Sec 31 Tp 27 R 11

东

West

Reg.

Regular

Irregular

660

feet from Line of Section

1980

Feet from Line of Section

Is SECTION: 
Yes/No

(Note: Locate well on the Section Plat or reverse side)
County: Pratt
Lease Name/Number: 

West: 1-31
Field Name: 

X/No

Is this a Potted / Spaced Field?:

X/No

Target Formation(s): Simpson
Nearest Lease or unit boundary: 650
Ground Surface Elevation (feet MSL): 

X/No

Water well within one-quarter mile: 
Public water supply well within one mile: 
Depth to bottom of fresh water: 180
Depth to bottom of usable water: 200
Surface Pipe by Alternate: 
Length of Surface Pipe Planned to be set: 

X/No

Length of Conductor Pipe required: 350
Projected Total Depth: 4500
Formation at Total Depth: Arbuckle

Water Source for Dilling Operations: 

X/No

Will Cores be taken?:

X/No

For DWR Permit #: 2085006

(Note: Apply for Permit with DWR)

Will Cores be taken?:

KCC WICHITA

AFFIDAVIT
The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et seq.
It is agreed that the following minimum requirements will be met:
1. Notify the appropriate district office prior to spudding of well;
2. A copy of the approved notice of intent to drill shall be posted on each drilling rig;
3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 20 feet into the underlying formation;
4. If the well is dry hole, an agreement between the operator and the district clerk on plug location and placement is necessary prior to plugging;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERREC is COMPLETED, production pipe shall be cemented from below any usable water to surface within 120 days of spud date.

DWR Permit: 208500601

Date: Aug 1, 2005

KCC wichita

Date: 8-5-05

Signature of Operator or Agent:

Title: President

Remember to:
- File Drill Permit Application (form COP-1) with intent to Drill;
- File Completion Form ACD-1 within 120 days of spud date;
- File aerial photo attribution plat according to field inspection orders;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See authorized expiration date) please check the box below and return to the address below.

Mail to: KCC - Conservation Division, 130 S. Market - Room 207b, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15
Operator: VAL Energy Inc.

Lease: Bergner

Well Number: 1-31

Field: unnamed

Number of Acres attributable to well:

QTR / QTR / QTR of acreage: C SW SE

Location of Well: County: Pratt

860

1980

Sec. 31

Twp. 27

R 11

Line of Section

LINE

W

Line of Section

East

West

Is Section: [ ] Regular or [ ] Irregular

If Section is Irregular, locate well from nearest corner boundary.

Section corner used: [ ] NE [ ] NW [ ] SE [ ] SW

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)

NOTE: In all cases locate the spot of the proposed uniting location.

In plotting the proposed location of the well, you must show:
1. The manner in which you are using the depicted plat by identifying section lines, i.e., 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached (CG-7 for oil wells; CG-8 for gas wells).
August 16, 2005

Mr. Todd Allam
Val Energy, Inc.
Box 116
Wichita, KS 67201

RE: Drilling Pit Application
Bergner Lease Well No. 1-31
SE/4 Sec. 31-27S-11W
Pratt County, Kansas

Dear Mr. Allam:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed without slops, the bottom shall be flat and reasonably level, and no deeper than 4' and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again as soon as practical after drilling operations have ceased.

If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Please file form CDP-5, Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site. www.kcc.state.ks.us/conservation/forms.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,

Kathy Haynes
Environmental Protection and Remediation Department

cc: S Durrant

Conservation Division, Finney State Office Building, 130 S. Market, Room 207B, Wichita, KS 67202-3802
Voice 316.337.4200 Fax 316.337.4211 www.kcc.state.ks.us